



DEPARTMENT OF ENTERPRISE SERVICES

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POWERS, DUTIES AND FUNCTIONS

The Department of Enterprise Services (DES) operates and maintains the Neal S. Blaisdell Center, the Waikiki Shell, the Honolulu Zoo, and the six municipal golf courses. The Department also coordinates the preparation, administration and enforcement of citywide concession contracts.

As structured, DES enhances the City and County of Honolulu's ability to focus on revenue generating opportunities and create operational synergies with a unique "bottom line" business orientation.

HIGHLIGHTS

Economic factors and unusually inclement weather provided a variety of challenges to citywide revenue-oriented activities in Fiscal Year 2005. DES met these challenges in ways unique to its operations. The Department's Fiscal Year 2005 accomplishments included initiatives to increase City revenues, revitalize downturns in attendance and facility usage, and incorporate resource conservation and cost efficient improvements at Department-wide facilities.

Consistent with DES' mission — *to manage and market a diversity of community oriented facilities and services for the use and benefit of the public; supporting cultural, recreational and educational opportunities and events on a self-supporting basis* — the Department continued to balance its focus on revenue generation and public service.

ADMINISTRATION

The Administration activity directs and coordinates the programs and operations of the Department of Enterprise Services' four Divisions: the Building Services Division, the Customer Services Division, the Golf Course Division, and the Honolulu Zoo Division. This activity provides staff and clerical support services in personnel, budgetary and organizational management and focuses Department-wide energies on the maximization of revenues and the optimization of fiscal and manpower resources.

Under the leadership of Mayor Mufi Hannemann, the City embarked on a three-phase Mayor's Review on Fiscal Integrity and Accountability. The second and third phases of the review will involve top-to-bottom operational audits of City government to examine the cost and necessity of providing various services now and into the future. The Mayor's review will set a solid foundation upon which to build a long-term fiscal sustainability plan for DES.

In adjunct to the Mayor's Review, DES has initiated steps to thoroughly review the cost and revenue components of its operating budget, including:

- Analysis and justification of each line item expense account;
- Identification of the cost of non-profit and public benefit activities under its purview;
- Review of charges for services (including the recovery of fringe benefits and indirect costs);
- Development of a golf survey for Oahu's municipal courses to better identify long-range Golf Fund requirements; and
- Exploration of public/private partnership opportunities.

Within the calendar year, DES will incorporate the results of these reviews in the development of a long-term fiscal sustainability plan which strives toward decreasing the General Fund subsidy of the Golf Fund and the Special Events Fund.

During Fiscal Year 2005, the Administration activity also initiated a proposal to transfer concession management from the Customer Services Division to the Administration Activity. Under the proposed reorganization, the Concessions Officer reports directly to the DES Deputy Director, thereby improving concession oversight and management.

Guided by the Hannemann Administration's mission statement — *Fiscal accountability and integrity...providing essential public services in the most efficient manner...honest and open relationships with our co-leaders and fellow employees in government...creating solutions to the challenges we all face...enhancing our quality of life...and, above all, serving the people of the City and County of Honolulu, our home, with pride and the spirit of aloha*, the Administration activity will continue to pilot changes to increase the effectiveness and efficiency of Department-wide operations and improve customer service.

During the coming fiscal year, the Administration activity will continue its commitment to the efficient and effective provision of public services and the progress of operations under its purview towards self-sustainability. Department-wide fees will be reviewed and revenue enhancement proposals will be developed and introduced. Measures to encourage efficiency and operational cost savings will also be pursued. Key budget initiatives will focus on obtaining needed resources for our operations: filling needed

* Barry A. Fukunaga resigned on September 30, 2004; Alvin K.C. Au retired on 12/30/04

† Lynette L.N. Char retired on 12/30/04

positions, repairing aging facilities and replacing antiquated equipment. The Administration activity will also vanguard a proactive approach in marketing the various DES facilities and services.

BUILDING SERVICES DIVISION

The Building Services Division includes two sections – Trades and Maintenance/Set-Up. The Trades Section provides journey-level trades support to the Blaisdell Center, the Waikiki Shell, the Honolulu Zoo, the municipal golf courses and designated City concessions. The Maintenance/Set-Up Section provides grounds keeping, event set-up, and custodial services for the Blaisdell Center and the Waikiki Shell and supplies general maintenance support for the various facilities managed by DES. During Fiscal Year 2005, the Maintenance/Set-Up Section also participated in the City's Brunch on the Beach, Rediscover Oahu, and Sunset on the Beach initiatives. Staffing and equipment resources from this section helped to ensure the overwhelming success of these programs.

During Fiscal Year 2005, the Building Services Division improved the appearance of Blaisdell Center and Waikiki Shell facilities and provided exceptional operational and maintenance support to the various Divisions within DES. The maintenance program successfully completed 97% of work orders originated by the Honolulu Zoo, the municipal golf courses and designated City concessions.

The Building Services Division continued to maintain the highest standards for workplace safety. The Division's safety committee served as an effective watchdog for occupational safety and health issues and assisted in problem resolution. The organization passed all fire and safety inspections during the year.

With the objective of reducing costs and minimizing facility support systems downtime, the Division continued to stress the value of firmly established preventive maintenance programs. These programs are also extended to the Honolulu Zoo and the municipal golf courses.

In addition to overseeing the capital improvement program and contracted repair and maintenance projects at the Blaisdell Center/Waikiki Shell, the Division pursued projects with in-house resources, saving the City an estimated \$80,000 in outsourcing costs.

During Fiscal Year 2005, the employees of the Building Services Division continued their commitment to professional excellence and made every effort to sustain their fine reputation. For the fifth time in six years, a representative of the Building Services Division was selected as DES' Employee of the Year. Cesar A. Lorenzo, Electrician, will represent the Department at the City's 2005 Mayor's Outstanding Employees Program.

Concert Hall

From the maintenance, repair, and construction standpoints, the Concert Hall remained a center of activity in Fiscal Year 2005. Division preventive maintenance programs continued to be stressed for all facility support systems including lighting, electrical, plumbing, air conditioning and elevators.

A major contractor initiative, which commenced in April 2004, replaced all air conditioning systems in the facility and repaired all Concert Hall roofs. Roof leaks into the interior of the hall have been eliminated, and the new air conditioning system is able to meet all tenant and public demands.

Programming action is underway to address ADA requirements, sound system upgrades, and box office improvements.

Exhibition Hall

Since this facility is the most frequently used at the Blaisdell Center, the preventive maintenance needs of the Exhibition Hall are demanding and extensive. The elevators, standard lighting systems, emergency lighting battery bank, lighting dimmer system, air conditioning installations, plumbing systems, and exterior doors are routinely evaluated in accordance with an established schedule. Real time maintenance requirements are pursued in a timely fashion to preclude negative impacts on events and related revenue streams.

In conjunction with the Enterprise Facilities Energy Conservation Project, 134 lights within the Exhibition Hall were replaced with more energy efficient fixtures. The installation was performed in-house at an estimated cost savings of \$20,000 when compared with a private contract. This project will achieve an estimated \$5,000 in annual energy savings.

A large ventilation system was installed in the Exhibition Hall by Division employees. The project increases the effectiveness of the facility's current air conditioning system. The professional repair of the moveable panel walls in the Hawaii Suites to correct operational discrepancies is underway.

Future projects envisioned for the exhibition hall include recoating the roof, improving the ADA profile, upgrading the sound system, and installing a new lighting system for the Hawaii meeting rooms.

Arena

This multi-purpose facility continued to receive considerable attention throughout the fiscal year. Preventive maintenance programs were followed to help assure uninterrupted service for patrons. Electrical, plumbing, air conditioning, building lighting, and event lighting systems were evaluated before every event to preclude any inconveniences. Also, many of the high voltage components within the Arena's two electrical vaults were either tested quarterly or maintained on an annual basis through qualified contractor support.

Final design work for replacement of the Arena's air conditioning system has commenced, and FY 2006 funding is available to replace the entire system. Funding has also been approved to pursue various upgrades to assure compliance with ADA standards. The department's number one future capital improvement program initiative is the procurement of telescoping risers and portable staging for the arena. This system would reduce event set-up times appreciably and assure a notable increase in available event days for the facility.

Parking Garage, Center Ponds, and Parking Lots

Planning continued on four parking garage projects addressing the repair of the garage's first floor columns; replacement of the gaskets in the garage's expansion joints; repair of the structure's leaking flower planters; and refurbishment of a covered walkway adjacent to the parking garage. Design and construction on the garage deficiencies will be phased, commencing in FY 2006.

Planning continued on a project to repair the effects of spalling which are evident at the edges of the Blaisdell Center's ponds.

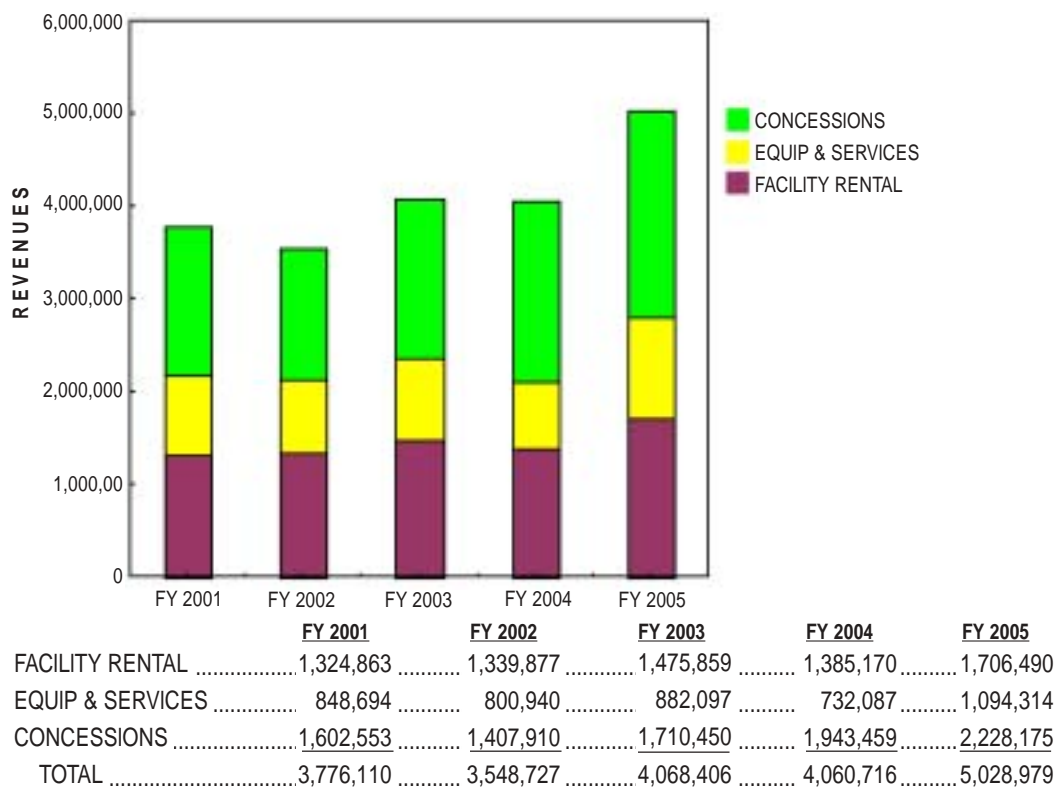
Funding will be sought to correct the sink holes in the parking lot near the Arena and to repave other selected portions of the Center's roadways and parking areas.

Waikiki Shell

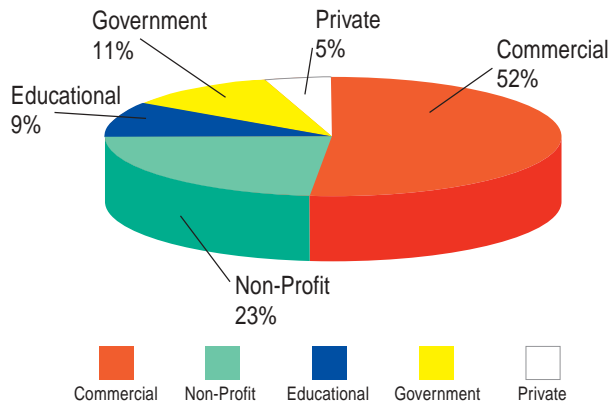
The "Best of Honolulu" survey again honored this beautiful outdoor amphitheater as one of the finest concert venues on the island of Oahu. The Waikiki Shell's assigned maintenance staff always has the facility in top condition. They are assisted in their endeavors by the trades section and the building and equipment maintenance team who take great pride in their work on behalf of the Waikiki Shell. Preventive maintenance schedules are followed without fail. During the past year, general maintenance initiatives included painting projects, refinishing the stage, and lawn irrigation improvements. As in previous years, landscaping improvements were pursued on a continuing basis. The Shell's lighting dimmer system was replaced, and an in-house project was initiated to change a number of lighting fixtures with energy-efficient instruments. Planning is underway to replace the facility's sound system and the fence behind the lawn seating area. The goal for all Division efforts at the Waikiki Shell is to continue to provide the citizenry of Honolulu with the "best."

In Fiscal Year 2006, the Building Services Division will endeavor to provide excellence in service and facilities for the tenants at the Blaisdell Center and Waikiki Shell. Concerted efforts in preventive and real-time maintenance programs will continue for organization-wide facilities. Capital Improvement Program projects and contractual maintenance and repair initiatives will be closely monitored to ensure that Department interests are addressed. As always, safety issues will receive constant oversight. Further, Division operating costs will be pared to the extent possible in support of Department efficiency objectives.

BLAISDELL CENTER & WAIKIKI SHELL FIVE-YEAR REVENUES, FY 2001-2005

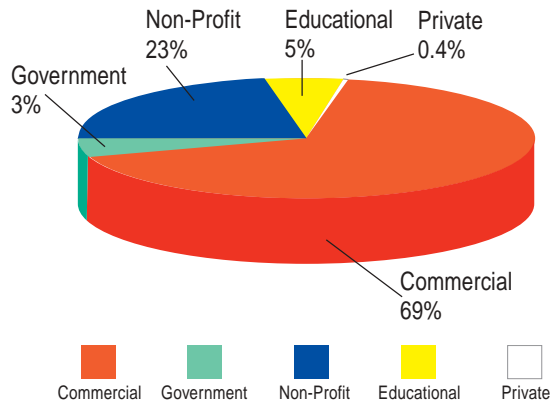


**BLAISDELL CENTER/WAIKIKI SHELL USAGE
FY 2004-2005
By Type of Tenant**



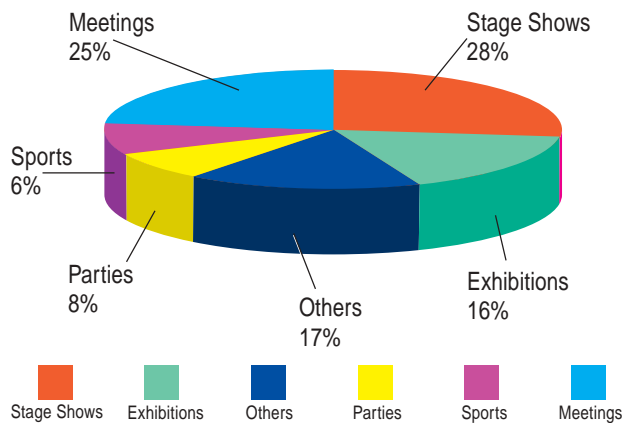
# EVENTS		%
Commercial	225	51.7
Non-Profit	102	23.4
Educational	40	9.2
Government	48	11.1
Private	20	4.6
TOTALS	435	100.0

**BLAISDELL CENTER/WAIKIKI SHELL REVENUES
FY 2004-2005
By Type of Tenant**



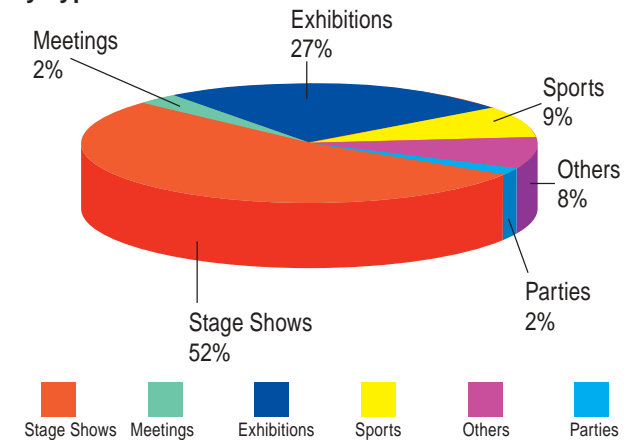
REVENUE		%
Commercial	1,882,082	68.8
Government	88,649	3.2
Non-Profit	624,166	22.8
Educational	130,504	4.8
Private	11,564	0.4
TOTALS	2,736,965	100.0

**BLAISDELL CENTER/WAIKIKI SHELL USAGE
FY 2004-2005
By Type of Tenant**



# EVENTS		%
Stage Shows	122	28.0
Exhibitions	69	15.9
Others	73	16.8
Parties	36	8.3
Sports	28	6.4
Meetings	107	24.6
TOTALS	435	100.0

**BLAISDELL CENTER/WAIKIKI SHELL REVENUES
FY 2004-2005
By Type of Tenant**



REVENUE		%
Stage Shows	1,452,815	53.0
Exhibitions	735,133	26.9
Sports	234,563	8.6
Others	214,595	7.8
Meetings	51,960	1.9
Parties	47,899	1.8
TOTALS	2,736,965	100.0

CUSTOMER SERVICES DIVISION

The Customer Services Division is the business heart of the Blaisdell Center and the Waikiki Shell operations. The Reservations and Sales Section rents the various facilities; the Productions Section directs the set-up and operations of the events and monitors ancillary services associated with the events (e.g., food and beverage, parking and novelties); and the Box Office Section sells all admission tickets for the events. The goals of the Customer Services Division are to offer a diversity of entertainment options for the community, to provide a public meeting place for community activities, and to increase revenues in support of the facilities of the Center.

Fiscal Year 2005 opened with the strongest first quarter in years, and ended with the largest annual revenues in the history of the Center, surpassing \$5,000,000.

During Fiscal Year 2005, the Blaisdell Center's multi-functional Arena show-cased some of the hottest touring artists in the music industry including the Who, Blink 182, three performances of the American Idol tour, Journey, Hillary Duff and Nora Jones. Sports events featured arena football, mixed martial arts, college volleyball and basketball, high school state championship wrestling and basketball, and the national judo tournament. Family shows included the international lion dance competition, the world famous Lipizzaner stallions, the Moscow state circus, WWE wrestling and the Globetrotters. Events celebrating the Hawaiian culture included the Kamehameha song contest, the Hawaiian 105 Kine luau, the King Kamehameha Hula Competition, and the Keiki Hula Competition.

*The WHO in Concert at the
Blaisdell Center Arena —
August 3, 2004*



The Concert Hall show-cased the Honolulu Symphony's classical Masterworks series and the well-attended Pops program featuring a variety of guest artists. The Hawaii Opera Theatre season included the Flying Dutchman, Susannah, Turandot, and the Mikado. Ballet Ha-

waii staged the yuletide favorite Nutcracker. Presentations by Entertainment Enterprises featured the popular comedians Ray Romano and Margaret Cho, and the music of Lea Salonga. Broadway came back to Hawaii with tours of Grease and the ever-popular Cats. The family-oriented Sesame Street Live with Elmo's Coloring Book rounded out a successful Concert Hall season.

The Waikiki Shell featured perennial local favorites Hoomau, the Winter Bash, Bomb Bucha, the Jammin Hawaiians, the Brothers Cazimero, Makaha Sons, the KCCN Birthday Bash, and the carbo-loading luau for the Honolulu Marathon. A variety of musical artists including Jimmy Buffet, Michelle Branch, Reggae in Paradise, Superstars of Reggae, UB40, Steel Pulse, Jack Johnson and the Kokua Festival, KD Lang and Diane Krall attracted concert-goers to share music under the stars.

The Exhibition Hall and central areas continued to generate revenues and community business, serving as an "on-shore" economic engine. There were over forty-seven Exhibition Hall events scheduled during the year. A wide range of community-oriented events included well-attended college and career fairs, job fairs, senior fairs, and orchid and plant shows. Commercial shows included popular craft fairs, collectible shows, bridal expos, and home builders and remodeling shows.

Larger exhibit shows including the Made in Hawaii Festival; the 40th Food and New Products Show; the Hawaii Lodging, Hospitality and Food Service Festival, the Hawaii Street Car Show, and the Hot Import Daze spanned both the Exhibition Hall and the Arena.

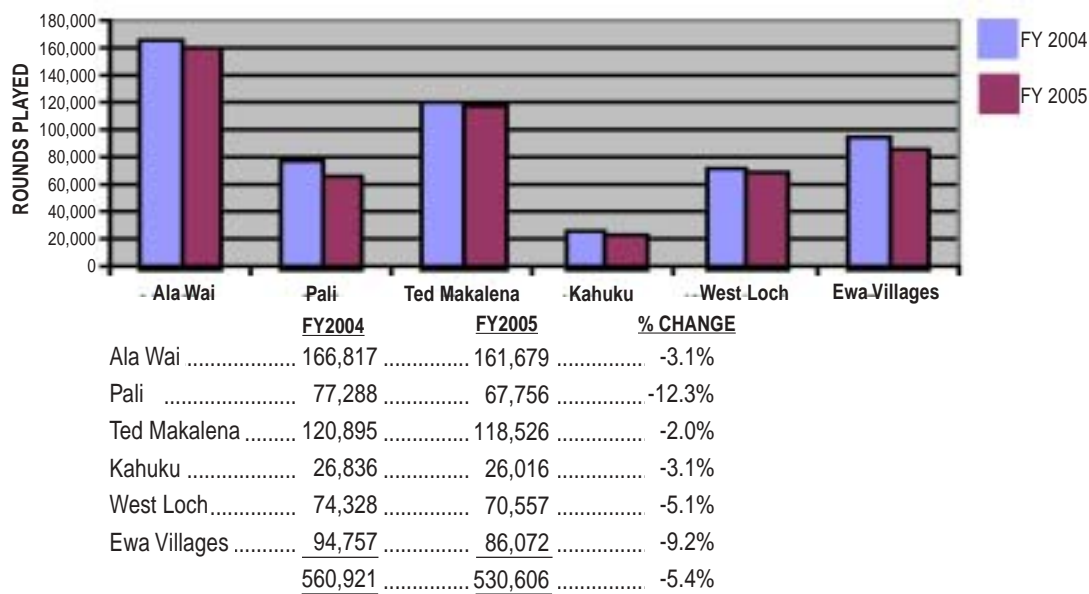
In Fiscal Year 2006, the Customer Services Division will continue its efforts towards actively marketing the Blaisdell Center and Waikiki Shell facilities and improving services provided to the public.

GOLF COURSE DIVISION

The Golf Course Division operates and maintains six municipal golf courses – five eighteen-hole golf courses (Ala Wai, Pali, Ted Makalena, West Loch, and Ewa Villages) and one nine-hole golf course (Kahuku). The Division schedules golf tournaments and club play; accepts reservations for individual play via an automated reservation system; develops and enforces golf course rules and regulations; and collects and accounts for green fees, tournament fees, and golf cart rental fees. The Division is also responsible for the operation of the power golf carts at the eighteen-hole courses and for the rental of pull carts and golf sets at Kahuku Golf Course. The Golf Course Division is responsible for renovating and maintaining the existing golf courses and for planning new municipal golf facilities. The Division monitors golf course related food and beverage, driving range and pro shop concession contracts, and makes recommendations for concession contract specifications. The Division also serves as a central reference source for the City and outside agencies on matters involving golf course operations and maintenance.

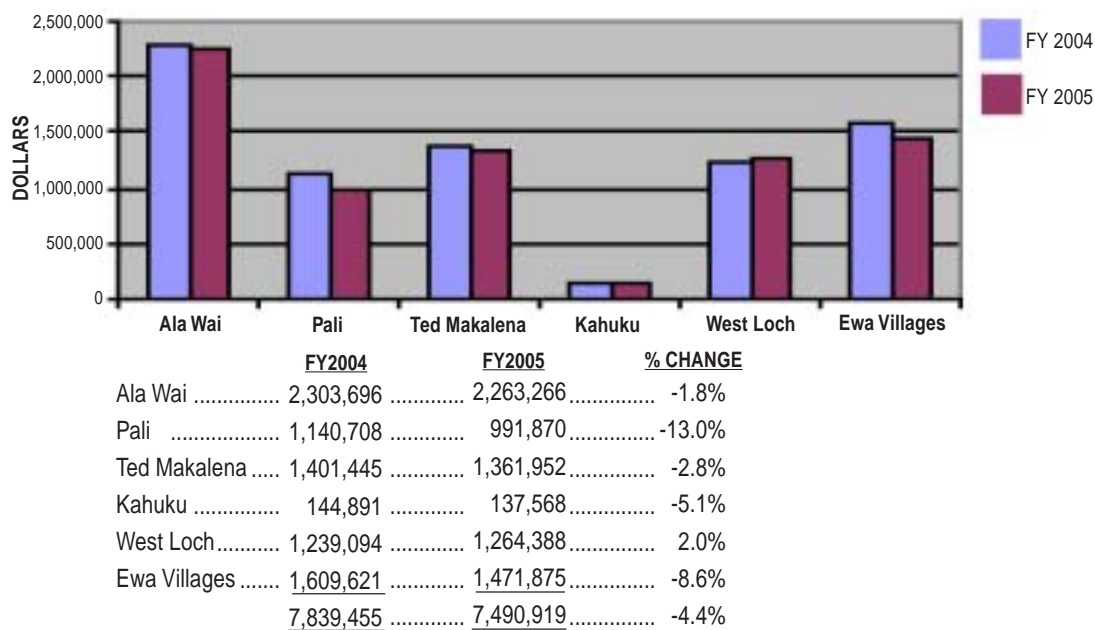
In its ninth year of operation, the automated reservation system continued to provide fair and equitable access for all golfers. Over

REGISTERED PLAY



REVENUES

(Green Fees and Cart Rentals)



80,000 resident golfers are registered in the database. The system continues to improve with new hardware and updated software. Registration and photo identification cards continue to be issued bi-weekly at three municipal courses: Ala Wai Golf Course, Pali Golf Course and Ted Makalena Golf Course. Over 3,000 new golf identification cards were issued in Fiscal Year 2005.

For the year ended June 30, 2005, system-wide registered play totaled 530,606 rounds and related revenues approached \$7.5 million. The overall decrease in the number of rounds played (-5%) and the related revenues from green fees and cart rentals (-4%) were reflective of the general decline in golf activity nationally and locally. Local golf play was also negatively impacted by an extended period of inclement weather. Despite these declines, golf revenues continued to successfully cover base operating costs excluding debt service.

Ala Wai Golf Course

The Ala Wai Golf Course once again garnered the distinction of being the busiest golf course in the world, with over 161,000 rounds of golf played. Despite the heavy play, golf course maintenance standards remained high. During Fiscal Year 2005, construction was completed on the new irrigation pump station which included replacement of deteriorated equipment with energy efficient VFD electric motors, and re-landscaping of the front and back of the clubhouse. The clubhouse's 60-ton air conditioning chiller unit was also replaced, and a contract was awarded for \$72,328 to replace the clubhouse's 30-ton air conditioning chiller unit. Both chiller replacements incorporate installation of more energy efficient equipment.

Pali Golf Course

During Fiscal Year 2005, the number of rounds and related revenues at the Pali Golf Course were again adversely impacted by inclement weather conditions and curtailment of club play due to cart path construction. Asphalt cart paths have been replaced with cement cart paths throughout the course. Construction on a new irrigation system at a cost of \$1,507,000 started in Fiscal Year 2005 and is on-going. Additionally, contracts were awarded for \$104,610 to replace the cesspool at the on-course comfort station, and \$28,107 to replace the above ground fuel storage tanks at the maintenance facility.

Ted Makalena Golf Course

Local residents continued to patronize this walker friendly course. The conversion to a non-potable water source continues to save the City over \$190,000 a year in water expenses. Course conditions have been significantly improved with the phased replacement of the irrigation system and continued planting of seashore paspalum in bare areas when possible. The on-course seashore paspalum sod farm continues to be cultivated for future plantings. The third phase of a four-phase irrigation, drainage and landscaping improvements CIP project has been completed. Funding for the fourth and final phase of the project will be requested via the Fiscal Year 2007 capital improvement program.

West Loch Golf Course



West Loch Golf Course's water driving range has re-opened

The number of rounds played at West Loch Golf Course declined to 70,557 in Fiscal Year 2005. Flooding conditions, which caused silt to overflow the stream banks and cover the fairways, forced the extended closure of the golf course. Emergency dredging of the stream was completed as a temporary measure to relieve flooding conditions. The thorough dredging of the silt basins throughout the golf course was identified as a major project, and a consultant was selected to design the drainage improvement project in Fiscal Year 2005. Because of the extensive scope of this drainage project, it will be designed to be completed in several increments. Funding for the first phase of the drainage project will be requested via the Fiscal Year 2007 capital improvement program.

West Loch Golf Course's unique water driving range with floating golf balls has re-opened with a new pro shop concessionaire. The driving range is expected to enhance the golf course usage as it will be the only City course in the leeward area with a driving range.

Ewa Villages Golf Course

The newest of our municipal courses, Ewa Villages Golf Course continues to be popular with a wide range of golfers. In Fiscal Year 2005 the rounds played at this course declined to 86,072. An extended period of inclement weather caused water and silt to enter the golf course from adjacent water-saturated properties impacting course play. In a collaborative effort between State and City agencies, adjacent landowners, and the West Oahu Soil Conservation District, corrective actions are being taken to identify the source of the silt and to establish best management practices to prevent future runoff.

The City and County of Honolulu continues to promote the beneficial reuse of wastewater effluent and has expanded its customer base for the wastewater effluent reuse program. The Ewa Water Recycling Project is a unique partnership that combines the

resources of the public and private sectors to efficiently produce recycled water for golf course and landscape irrigation, and agriculture and industrial processing.

As part of the Ewa Water Recycling Project, the West Loch and Ewa Villages Golf Courses only utilized R-1 reuse water generated by the Honouliuli Wastewater Treatment plant for golf course irrigation, and supplied reuse water to its adjacent communities for common area irrigation.

A by-product of the reuse water is sludge that is currently being composted with green waste to produce a biosolids compost. With landfill space at a premium, and the City and County of Honolulu's commitment to sustainability, the biosolids compost is being used at all the municipal golf courses to add fertility to newly planted and existing areas.

In Fiscal Year 2006, the Golf Course Division will continue its commitment to improve the quality of services provided to the public in the operation and maintenance of the municipal golf courses.

HONOLULU ZOO DIVISION



The Honolulu Zoo's New Veterinary Clinic

The Honolulu Zoo is a 42-acre tropical zoological garden located within the Kapiolani Park. The Zoo provides residents and visitors to the islands with opportunities to enjoy and learn about the world's tropical fauna and flora. The Zoo's mission is to foster an appreciation of our living world, with an emphasis on tropical ecosystems, by serving as a center for environmental education, biological study, and recreation and conservation activities. The Honolulu Zoo Society, a non-profit support organization, has contributed much to the realization of the Zoo's mission by raising funds for construction projects and by expanding the scope of the Zoo's education program. The Honolulu Zoo is an accredited member of the American Zoo and Aquarium Association.

In Fiscal Year 2005, the Honolulu Zoo continued its facility modernization program by converting antiquated exhibits and service facilities to ones that are state-of-the-art. Construction on the new 6,000 square foot veterinary clinic began in Fiscal Year 2005 with the facility opening scheduled for this fall. Also under construction is the new Keiki Zoo. Projected to open during the 2005 holiday season, the Keiki Zoo will be three times larger than the old Children's Zoo and will offer guests a variety of active learning opportunities. The new holding quarters for the elephants continue to take shape. Because the facility will be capable of holding a bull elephant, the Honolulu Zoo will proceed on attempts to artificially inseminate our two female elephants. A collaborative agreement between the City, the Honolulu Zoo Society and the Orangutan Foundation International was structured to provide a new habitat for Rusti the orangutan. The naturalistic habitat will be 20 times larger than the obsolete cage that has served as the interim quarters for the Honolulu Zoo's best known animal.

On the drafting tables are plans for a new entrance/exit complex including a larger gift shop, and new classrooms for expanded education programs.

Attendance and Revenue

Attendance for Fiscal Year 2005 was 513,931, an increase of 15,616 (+3.1%) from the previous year. Admissions revenue totaled \$1,412,887, an increase of \$80,603 (+6.0%). Despite construction related disruptions to the visitors' experience, Honolulu Zoo attendance is rebounding.

Animal Population

Notable births and hatchings for the fiscal year include superb bird-of-paradise, a female chimpanzee, Surinam toads, hammerkops, African ground hornbills, mata mata turtles, wrinkled hornbills, and eclectus parrots.

We continued to improve the "Kipuka Nene" exhibit, which is a representation of a lava field in succession, by adding more native plantings and acquiring and displaying a pair of Hawaiian hawks.

Two well-known animals, our Burmese python "Monty" and male Sumatran tiger "Pandji", died from debilitating illnesses complicated by advanced age.

Sponsorships and Bequests

Due to budgetary constraints, AT&T withdrew its sponsorship of the "Wildest Show in Town" after supporting the summer programs for more than fifteen years. With short notice, Starbucks Coffee came to the rescue and assumed sponsorship of the popular weekly entertainment series.

The Honolulu Zoo was honored to receive bequests from Rose Helen Vincent and Kumiyo Kondo. We are grateful to have been remembered in their wills and extend our sincere appreciation to their families. The bequests will be used towards needed facility improvements at the Honolulu Zoo.

Honolulu Zoo Society Education Programs

The Honolulu Zoo Society education programs continued to grow with 31,475 participants registered in the various program options. The most popular programs were school group tours (6,774 students), JTB twilight tours (4,568 attendees), school outreach programs (7,500 students), Title I school free programs (1,031 students), and Vacation Adventures (3,384 student days).

American Zoo and Aquarium Association (AZA)

Zoo Director, Ken Redman, was elected to the Board of Directors of AZA which is testimony that the Honolulu Zoo has gained national recognition as a participant in the organization's programs.

As the City prepares for the Honolulu Zoo's AZA re-accreditation review in Fiscal Year 2006, we take a pregnant pause... will the Zoo's new Veterinary Clinic serve double duty as a baby elephant nursery?